

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

NO. 02-00291

**TOTAL ENVIRONMENTAL SOLUTIONS, INC., A
WHOLLY-OWNED SUBSIDIARY OF SOUTH LOUISIANA
ELECTRIC COOPERATIVE ASSOCIATION**

AFFIDAVIT OF KENNETH E. HENDRYCY

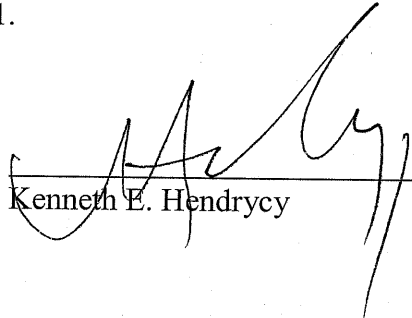
Kenneth E. Hendrycy being duly sworn would state as follows:

1. I am general counsel for National American Corporation ("NACO").
2. I am familiar with and have reviewed the Petition Of Total Environmental Solutions, Inc. And South Louisiana Electric Cooperative Association For An Amendment Of Tariff Certificate Of Public Convenience And Necessity To Provide Utility Services, attached hereto as Exhibit A (the "Petition").
3. I have personal knowledge of the matters discussed in the Petition relating to the Cherokee Landing Resort ("Cherokee Landing") and Riviera Utilities of Tennessee, Inc. ("Riviera") while Riviera was a downstream subsidiary of NACO.
4. Prior to November 1992, NACO was an upstream parent corporation of Riviera Utilities of Tennessee, Inc. ("Riviera"), and through Riviera operated the water facilities serving both the Candlewood Subdivision ("Candlewood") and Cherokee Landing pursuant to that certain Initial Order, dated as of May 1, 1989 (Docket N. U-87-7540), granted by the Tennessee Public Service Commission to Riviera.
5. Candlewood and Cherokee Landing are contiguous properties located in Middleton, Tennessee in Hardeman County, Tennessee.
6. Pursuant to that certain Purchase Agreement, dated as of November 15, 1992 (the "Purchase Agreement"), among Johnson Properties, Inc., NACO and certain NACO affiliates, Johnson acquired all of the outstanding capital stock of Riviera. However, in accordance with Section 13.5 of the Purchase Agreement, none of the water facilities at Cherokee Landing were transferred to Johnson as part of Johnson's acquisition of Riviera. In addition, Sections 4.1 and 4.2 of Appendix A to the Purchase Agreement required Riviera to take "any and all action necessary" and "obtain all necessary regulatory approvals" to disconnect Cherokee Landing from Candlewood.
7. I have no personal knowledge that either Johnson or Riviera took any of the actions required of them under the terms of the Purchase Agreement.

8. NACO never transferred any of its ownership interest in Cherokee Landing or any of the water facilities located thereon to Johnson, and NACO, through its downstream corporate subsidiary, continues to operate Cherokee Landing as a seasonal campground facility.

9. At no time has NACO charged any consumers at Cherokee Landing for water usage.

10. NACO believes that Cherokee Landing does not qualify as a "public utility" as such term is defined in Tenn. Code Ann. § 65-4-101.

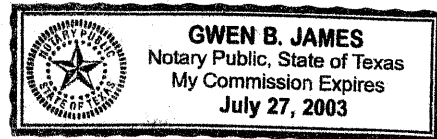

Kenneth E. Hendrycy

STATE OF TEXAS)
) ss
COUNTY OF DALLAS)

Sworn to and subscribed before me this 4th
day of March, 2002.


Notary Public

My Commission Expires: 07/27/03



**EXHIBIT A TO AFFIDAVIT OF
KENNETH E. HENDRYCY
BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

NO. _____

**TOTAL ENVIRONMENTAL SOLUTIONS, INC., A
WHOLLY-OWNED SUBSIDIARY OF SOUTH LOUISIANA
ELECTRIC COOPERATIVE ASSOCIATION**

**PETITION OF TOTAL ENVIRONMENTAL SOLUTIONS, INC. AND SOUTH
LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION FOR AN AMENDMENT
OF TARIFF CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO
PROVIDE UTILITY SERVICES**

Comes now, Total Environmental Solutions, Inc. (hereafter, "TESI"), and South Louisiana Electric Cooperative Association (hereinafter "SLECA"), pursuant to Tenn. Code Ann. §§65-4-101 *et seq.*, petition this Authority for an Amendment of Tariff and Certificate of Public Convenience and Necessity to Provide Utility Services to those certain properties formerly owned and operated by Riviera Utilities of Tennessee, Inc. ("Riviera"), and in support thereof would show unto the Authority as follows:

1. TESI is a Louisiana nonprofit utility organized and existing pursuant to the laws of the State of Louisiana, domiciled in Terrebonne Parish, Louisiana, and is a wholly-owned subsidiary of SLECA. SLECA is a Louisiana nonprofit electric cooperative organized and existing under the laws of the State of Louisiana and also domiciled in Terrebonne Parish, Louisiana. SLECA is owned by its customers and is a member-owned cooperative.

2. Pursuant to that certain Order Approving Transfer of Authority (Docket No. 00-00511), dated as of October 30, 2001 (the "Order") and attached hereto as Exhibit A, the Authority, pursuant to Tenn. Code Ann. §65-4-113, approved the transfer of the authority to provide water utility services then held by Riviera to TESI.
3. The Order gave TESI the right to provide water utility service to the Candlewood Subdivision ("Candlewood") and the Cherokee Landing Resort ("Cherokee Landing"), but as described herein, TESI never acquired any ownership interest in Cherokee Landing.
4. Candlewood and Cherokee Landing are contiguous properties located in Middleton, Tennessee in Hardeman County, Tennessee. Candlewood currently has between 70 and 80 full-time residents and contains both developed and undeveloped lots. Cherokee Landing is a seasonal campground with no full-time residents.
5. History.
 - (a) On or about December 23, 2000, TESI purchased the assets of Johnson Properties ("Johnson"), which included the assets of Riviera and 249 water and sewer assets in five other states, including Mississippi, Louisiana, North Carolina, South Carolina and Pennsylvania as part of a sale approved by the Trustee appointed by the United States Bankruptcy Court for the Middle District of Louisiana in connection with the Johnson Properties Bankruptcy Plan.

- (b) Cherokee Landing was not included in the assets TESI purchased from Johnson because, at the time of such sale, neither Johnson nor its subsidiary Riviera owned any interest in Cherokee Landing.
- (c) Pursuant to that certain Initial Order, dated as of May 1, 1989 (Docket No. U-87-7540), the Tennessee Public Service Commission granted Riviera a certificate of public convenience and necessity and defined the service area as including Candlewood and Cherokee Landing. It is TESI's present understanding that at such time, National American Corporation ("NACO") was the upstream parent company of Riviera and that NACO, through its wholly-owned subsidiary, operated Cherokee Landing and provided water to Candlewood until late 1992.
- (d) Pursuant to that certain Purchase Agreement dated as of November 15, 1992 (the "Purchase Agreement") among Johnson Properties, Inc., NACO and certain NACO affiliates, Johnson acquired all of the outstanding capital stock of Riviera. However, in accordance with Section 13.5 of the Purchase Agreement, none of the water facilities at Cherokee Landing were transferred to Johnson as part of Johnson's acquisition of Riviera. In addition, Sections 4.1 and 4.2 of Appendix A to the Purchase Agreement required Riviera to take "any and all action necessary" and "obtain all necessary regulatory approvals" to disconnect Cherokee Landing from Candlewood. It is TESI's present understanding that neither Johnson nor Riviera ever took any such actions.
- (e) Sometime subsequent to the execution of such Purchase Agreement and prior to January 17, 1996, Riviera apparently applied to the Tennessee Public Service Commission for an adjustment to their tariff. Because any documentation related to such application has not been maintained by the Authority, it is not possible to determine if Riviera noted in its application that it no longer had any ownership interest in Cherokee Landing. Nevertheless, according to the tariff contained in Docket No. 95-03351 (the "Tariff"), Riviera was granted authority to charge both Candlewood and Cherokee Landing an increased rate for water service. The fact that Candlewood and Cherokee Landing both remain on the Tariff indicates that Riviera never took the actions, including seeking any required approvals from the Authority or its predecessor entity, described in the Purchase Agreement to clarify that Riviera was no longer involved with Cherokee Landing and that such campground remained solely owned by NACO.
- (f) Soon after the issuance of the Order and the commencement by TESI of operation of the water and sewer facilities formerly operated by Johnson, TESI became aware that the Tariff still included Cherokee Landing and retained Tennessee counsel to initiate proceedings to resolve this error.

6. It is TESI's present understanding that at all times subsequent to the execution of the Purchase Agreement, NACO has operated the water facilities at Cherokee Landing as a seasonal campground and has not charged any of the users of such campground for water consumption.
7. Pursuant to Tenn. Code Ann. §§65-4-101 *et seq.*, TESI respectfully petitions the Authority to amend the Tariff to delete Cherokee Landing from the Tariff, or, in the alternative, to take such other action as the Authority deems appropriate to clarify the respective operation of Candlewood and Cherokee Landing.

DATED this the _____ day of _____, 2002.

Respectfully submitted,

J. GRAY SASSER (021676)
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and South Louisiana Electric Cooperative
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